



**2015 SESSION**

**ADDITIONAL DOCUMENTS**

**Business Page**

**[Signed by Chairman]**

**Roll Call**

**Standing Committee Reports**

**Tabled Bills**

**Fiscal Reports**

**Rolls Call Votes**

**Proxy Forms**

**Visitor Registrations**

**\*Any other documents, which were submitted after the committee hearing has ended and/or was submitted late [within 48 hours], regarding information in the committee hearing.**

**\*Witness Statements that were not presented as exhibits.**

**Montana Historical Society Archives**

**225 N. Roberts**

**Helena MT 59620-1201**

**2015 Legislative**

**E-Document Specialist Susie Hamilton**

**BUSINESS REPORT**  
**MONTANA SENATE**  
**64th LEGISLATURE - REGULAR SESSION**  
**SENATE TAXATION COMMITTEE**

**Date:** Thursday, February 12, 2015  
**Place:** Capitol

**Time:** 8:00 AM  
**Room:** 405

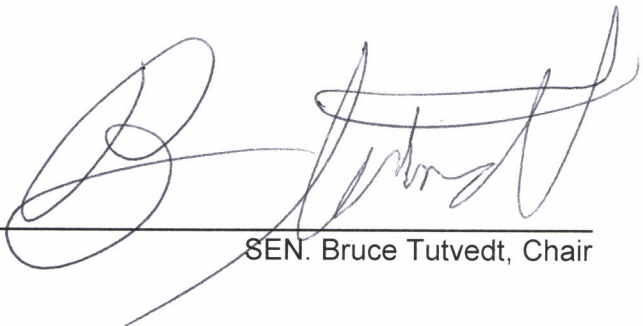
**BILLS and RESOLUTIONS HEARD:**

HB 217 - Exempt certain amateur radio equipment from property tax - Rep. Tom Richmond

**EXECUTIVE ACTION TAKEN:**

SB 190  
SB 171

**Comments:**



SEN. Bruce Tutvedt, Chair

# MONTANA STATE SENATE ROLL CALL

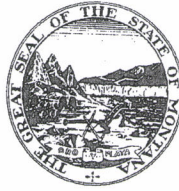
## TAXATION COMMITTEE

DATE: 2-12-, 2015

NAME	PRESENT	ABSENT/ EXCUSED
Chairman Tutvedt	✓	
Vice Chairman, Thomas	✓	out at 8:05 in at 8:56
Senator Ankney	✓	
Senator Barrett	✓	
Senator Blasdel		✓
Senator Brown	✓	
Senator Cohenour	✓	
Senator Hoven	✓	
Senator Kaufmann	✓	
Senator Malek	✓	
Senator Pomnichowski	✓	
Senator Taylor		✓

12 Committee Members





## SENATE STANDING COMMITTEE REPORT

February 12, 2015

Page 1 of 2

Madame President:

We, your committee on **Taxation** report that **Senate Bill 190** (first reading copy -- white) do pass as amended.

Signed: \_\_\_\_\_

*Senator Bruce Tutvedt, Chair*

And, that such amendments read:

1. Title, page 1, line 7.

**Following:** "BOTH HOUSES;"

**Insert:** "PROVIDING THAT A LEGISLATURE MAY ADOPT A SUBSEQUENT REVENUE ESTIMATING RESOLUTION;"

2. Page 1, line 28.

**Strike:** "subsection"

**Insert:** "subsections"

**Following:** "(3)(b)"

**Insert:** "and (3)(c)"

3. Page 1, line 30.

**Strike:** "The"

**Insert:** "Subject to subsection (3)(c), the"

4. Page 2, line 3.

**Strike:** "Upon"

**Insert:** "Subject to subsection (3)(c), upon"

5. Page 2, line 6.

**Following:** line 5

**Insert:** "(c) The house or the senate, or both, may introduce subsequent joint resolutions on the revenue estimate. The revenue estimate that is most recently adopted by both houses is the legislature's revenue estimate and must be

**Committee Vote:**

**Yes 9, No 1**

Fiscal Note Required ☐

SB0190001SC.spt



used:

(i) for the purpose of determining whether there is a balanced budget;

(ii) by all agencies with responsibility for estimating revenue or costs, including the preparation of fiscal notes; and

(iii) to compare the adopted revenue estimate and assumptions to current revenue estimates under 17-7-140(4)."

- END -





## SENATE STANDING COMMITTEE REPORT

February 12, 2015

Page 1 of 1

Madame President:

We, your committee on **Taxation** report that **Senate Bill 171** (first reading copy -- white) do  
**pass as amended.**

Signed: \_\_\_\_\_

*Senator Bruce Tutvedt, Chair*

**And, that such amendments read:**

1. Title, page 1, line 5.

**Strike:** "LICENSE"

**Insert:** "INCOME"

2. Title, page 1, line 11.

**Strike:** "LICENSE"

**Insert:** "INCOME"

3. Title, page 1, line 12.

**Strike:** "LICENSE"

**Insert:** "INCOME"

- END -

**Committee Vote:**

**Yes 7, No 5**

Fiscal Note Required  X

SB0171001SC.spt



**MONTANA STATE SENATE**  
**Roll Call Vote**  
**TAXATION COMMITTEE**

DATE 2-12-15 BILL NO SB 190 MOTION NO. as amended  
 MOTION: \_\_\_\_\_

Do Pass Sen. Barrett

<u>NAME</u>	<u>AYE</u>	<u>NO</u>	If Proxy Vote, check here & include signed Proxy Form with minutes
VICE CHAIRMAN, THOMAS		<input checked="" type="checkbox"/>	
SENATOR ANKNEY	<input checked="" type="checkbox"/>		
SENATOR BARRETT	<input checked="" type="checkbox"/>		
SENATOR BLASDEL			<i>not voting - excused</i>
SENATOR BROWN	<input checked="" type="checkbox"/>		
SENATOR COHENOUR	<input checked="" type="checkbox"/>		
SENATOR HOVEN	<input checked="" type="checkbox"/>		
SENATOR KAUFMANN	<input checked="" type="checkbox"/>		
SENATOR MALEK	<input checked="" type="checkbox"/>		
SENATOR POMNICHOWSKI	<input checked="" type="checkbox"/>		
SENATOR TAYLOR			<i>not voting - excused</i>
CHAIRMAN TUTVEDT	<input checked="" type="checkbox"/>		



**MONTANA STATE SENATE**  
**Roll Call Vote**  
**TAXATION COMMITTEE**

DATE 2-12-2015 BILL NO SB171 MOTION NO. \_\_\_\_\_

MOTION: \_\_\_\_\_

*as amended*  
*Voice Vote*

<u>NAME</u>	<u>AYE</u>	<u>NO</u>	If Proxy Vote, check here & include signed Proxy Form with minutes
VICE CHAIRMAN, THOMAS	✓		
SENATOR ANKNEY	✓		
SENATOR BARRETT		✓	
SENATOR BLASDEL	✓		✓
SENATOR BROWN	✓		
SENATOR COHENOUR		✓	
SENATOR HOVEN	✓		
SENATOR KAUFMANN		✓	
SENATOR MALEK		✓	
SENATOR POMNICHOWSKI		✓	
SENATOR TAYLOR	✓		✓
CHAIRMAN TUTVEDT	✓		



**MONTANA STATE SENATE**  
**Visitors Register**  
**SENATE TAXATION COMMITTEE**

**Thursday, February 12, 2015**

## HB 217 - Exempt certain amateur radio equipment from property tax

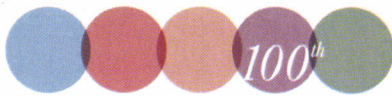
**Sponsor: Rep. Tom Richmond**

**PLEASE PRINT**

[illegible]

**Please leave prepared testimony with Secretary. Witness Statement forms are available if you care to submit written testimony.**





**Montana Society**  
*of Certified Public Accountants*  
100<sup>th</sup> ANNIVERSARY

Additional Documents

SENATE: Taxation

Date: 2-12-2015

Bill No. SB 171

## Tax Simplification for Montana

### 2015 Legislative Session

Mr Chairman and Members of the committee, my name is George Olsen and I represent the Montana Society of CPAs. We are appearing in support of Senate Bill 171. [similar to SB 282 in the 2013 Session].

The bill provides much needed simplification to Montana's income tax process. Currently the Montana tax booklet includes 48 pages of instructions in addition to the Federal instructions. The bill reduces the current 50 or so different additions to and subtractions from Federal Adjusted Gross Income to a relative few in the calculation of Montana taxable income. An important feature of the bill is that the new Montana calculation of taxable income would begin with Federal taxable income. This makes the form shorter and easier to understand.

Taxpayers would report on the same filing status as on the Federal return. Montana law currently has one rate schedule that encourages married taxpayers to file as single individuals on Montana returns to minimize the tax. Taxpayers who prepare their own returns may not know of the option to file separately and pay more tax than they should. The bill would eliminate the need for taxpayers or their tax preparers to decide how to split income, deductions and exemptions between the spouses for the Montana separate returns. This would save time and in the case of paid preparers, save money. The bill establishes new tax rate schedules for single or married taxpayers filing separately, married taxpayers filing a joint return and taxpayers filing as head of household. Under the new bill married taxpayers filing separately would pay more tax than under current law. This treatment is the same as Federal law. Often couples choose to file separately because they don't agree with a position their spouse is taking or simply to keep finances separate. This is often the case in second or third marriages.

The tax rate schedules become more progressive for higher income taxpayers since Federal law currently provides for a phaseout of personal exemptions and itemized deductions for married taxpayers filing jointly with AGI over \$305,050; heads of household with AGI over \$279,650; single with AGI over \$254,20 and married filing separately with AGI over \$154,525.

The following provisions apply:

- **Filing status -- same as federal.**
- Montana return would **start with federal taxable income** and would reduce substantially the additions to and subtractions from Federal taxable income. *[biggest piece of simplification]*
- The additions would be primarily interest on non-Montana tax exempt bonds and items on which a Montana tax credit is taken such as the endowment credit.
- Provides an add back for state income tax included in Federal itemized deductions for which there was a Federal tax benefit (the lesser of itemized deductions in excess of the standard deduction or the state income deduction).
- The subtractions required by statute: US Government interest, railroad retirement, tribal source income and active duty military pay.
- Tips and unemployment payments are taxed.
- A few adjustments that relate to carryovers under prior Montana law that may be different than Federal law; for example: passive losses and NOLs.
- An additional subtraction for taxpayers 65 and over of \$6,400 . This reduction takes the place of the pension exclusion, the loss of an additional personal exemption and the loss of the ability to exclude more of the taxable Social Security when seniors are required to file joint Montana returns. Taxpayers over 65 can exclude \$800 of interest income under current law but cannot under this bill. The additional exclusion helps mitigate the effect of the loss of that exclusion

- By starting with federal taxable income, much of the effect of the repeal of subtractions and credits will be offset by the higher personal exemption and standard deduction allowed on a federal return for many taxpayers – especially those in the lower tax brackets. The 2014 Federal personal exemption is \$3,950 while the Montana personal exemption is \$2,330. In lieu of an additional personal exemption for taxpayers 65 and over an additional standard deduction of \$1200 is allowed. The Federal standard deduction amounts are \$12,400 for married filing jointly, \$6,200 for single and married filing separately and \$9,100 for head of household. The current Montana standard deduction is calculated as the lesser of 20% of Montana adjusted gross income or \$4,370 for single or separate filing and \$8,740 for joint or head of household filing statuses with a minimum of \$1,940 for single and married filing separately or \$3,880 for married filing jointly and head of household. For example a single parent with one child would not have a tax liability on \$17,000 of income while under current Montana law that taxpayer would have a taxable income of \$8,460 and pay \$184 in tax.
- Tax rates are 4.8% and 6% with separate rate tables for taxpayers who file a joint return, head of household, single or married separate.
- Repeals the capital gains credit and sets lower tax rates for capital gains. *[if in 4.8% tax bracket, cap gain rate is 3.3%; if in 6% tax bracket, cap gain rate is 4.5%]*
- Reduces the corporate tax rate from 6.75% to 6.5% for most corporations and from 7% to 6.75% for corporations that make the water's-edge election.
- Eliminates the following credits and deduction:
 

✓ Alternative Energy Credits (2)	✓ Geothermal Heating System Credit
✓ Alternative Fuel Conversion Credit	✓ Mineral Exploration Credit
✓ Biodiesel Credits	✓ New or Expanded Industry Credit
✓ Empowerment Zone Credit	✓ Recycling Credit and Deduction

In the fiscal note to the 2013 bill, the Department of Revenue indicated that the cost to administer the individual income tax would be reduced and the interaction with taxpayers would be reduced leading to less cost to the Department and to taxpayers.

We encourage passage of this much needed simplification bill.

### Added to Federal Taxable Income to determine Montana taxable income:

- Interest from obligations of a territory or another state or any political subdivision of a territory or another state and exempt-interest dividends attributable to that interest except to the extent already included in federal taxable income;
- A withdrawal from a medical care savings account used for a purpose other than an eligible medical expense or long-term care;
- A nonqualified withdrawal from a family education savings account;
- A withdrawal from a first-time home buyer savings account used for a purpose other than for eligible costs for the purchase of a single-family residence;
- An item of income, deduction, or expense to the extent that it was used to calculate federal taxable income if the item was also used to calculate a credit against a Montana income tax liability;
- A deduction or expense upon which a state tax credit is computed under the insurance premium incentive credits/payments to the extent included as a deduction or expense in determining federal taxable income;
- A deduction for an income distribution from an estate or trust to a beneficiary that was included in the federal taxable income of an estate or trust;
- An add back for state income tax for which there was a tax benefit (the lesser of itemized deductions in excess of the standard deduction or the state income deduction).

### Subtracted from Federal Taxable Income to determine Montana taxable income:

- If exempt from taxation by Montana under federal law
  - ✓ Interest from obligations of the U.S. government
  - ✓ Railroad retirement benefits
- Salary received from the armed forces by residents who entered into active duty from Montana
- Interest and other income related to contributions that were made prior to January 1, 2016 that are retained in a medical care savings account
- Interest and other income related to contributions that were made prior to January 1, 2016 that are retained in a family education savings account
- Interest and other income related to contributions that were made prior to January 1, 2016 that are retained in a first-time home buyer savings account
- An additional subtraction of \$6,400 for each taxpayer that has attained the age of 65 (includes an inflation factor)
- A deduction for an income distribution from an estate or trust to a beneficiary recalculated according to the additions and subtractions in previous bullets

